

ADESHWAR MEDITEX Limited

Policy on Materiality of
Related Party Transactions and on dealing with Related
Party Transactions

1. Introduction

This Policy had been framed by the Company pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). This Policy has been modified from time to time to comply with the requirements of amendments to Listing Regulations.

2. Definitions

- (a) **“Act”** means the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof;
- (b) **“Board”** means the Board of Directors of the Company;
- (c) **“Related Party”** with reference to the Company, means an entity where:
 - (i) Such entity is a related party as defined under Section 2(76) of the Act; or
 - (ii) Such entity is a related party as defined under Regulation 2(zb) of the Listing Regulations.
- (d) **“Related Party Transaction”** means a transaction / contract/ agreement between the Company and a Related Party which transaction is of the nature specified in sub-clauses (a) to (g) of Section 188(1) of the Act or is a related party transaction as defined under Regulation 2(zc) read with Regulation 23 of the Listing Regulations.
- (e) **“Subsidiary”** means a subsidiary as defined under sub-section (87) of section 2 of the Act.

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

3. Transactions between Company & Related Parties & Materiality Threshold

Transactions between the Company and Related Parties shall be entered into in the manner that is compliant with the applicable provisions of the Act and Regulation 23 of the Listing Regulations, as amended, from time to time.

A transaction with the Related Party shall be treated as **“material”** if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year with such Related Party exceeds Rs 1000 crore or 10% of the annual consolidated

turnover of the Company as per the last audited financial statement of the Company, whichever is lower.

Notwithstanding the above, with effect from July 01, 2019 a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

4. Process for dealing with Related Party Transactions

- a. The related party transactions of the Company and its subsidiaries shall be entered into in accordance with the provisions of Act and Rules made thereunder and Regulation 23 of the Listing Regulations, as amended from time to time.
- b. All related party transaction(s) / Agreement(s) and subsequent material modifications shall require prior approval of / ratification in terms of Regulation 23(2)(f) of Listing Regulations by the Audit Committee (provided that only those members who are independent directors shall approve/ratify the transactions) or the Board or the shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations or any other applicable law.

'Material modification' has been defined by the Audit Committee to mean any modification in a related party transaction resulting in change in the contract/ transaction value by 75% of the respective contract / transaction or by Rs. 250 crore, whichever is higher.

- c. All Related Party transaction(s) / Agreement(s) shall be tested / justified for determination of whether the transaction(s) is in the ordinary course of business and on an arm's length basis including the applicable transfer pricing requirements or other globally accepted practices, duly certified by an independent chartered Accountant or any external agency of repute.
- d. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

- e. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary in terms of Regulation 23 of the Listing Regulations and for such purpose, shall lay down the criteria for granting the omnibus approval in line with this policy.
- f. The prior approval of the Audit Committee would not be required for transactions entered into between the Company and its wholly owned subsidiary and between two wholly-owned subsidiaries of the Company.

5. Amendments / Modifications

The Policy shall be reviewed by the Board / Audit Committee annually and shall be amended / modified as and when deemed appropriate.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or any other applicable law which makes any of the provisions in this Policy inconsistent with the Companies Act, 2013 or the Listing Regulations or such applicable law, then the provisions of the Companies Act, 2013 or the Listing Regulations or such applicable law would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with such change.